

**LEGISLATIVE SERVICES AGENCY  
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House  
(317) 232-9855

**FISCAL IMPACT STATEMENT**

**LS 6215**

**BILL NUMBER:** HB 2101

**DATE PREPARED:** Feb 16, 2001

**BILL AMENDED:** Feb 14, 2001

**SUBJECT:** High Technology Home Health Services and Medicaid.

**FISCAL ANALYST:** Alan Gossard

**PHONE NUMBER:** 233-3546

**FUNDS AFFECTED:** X

**GENERAL  
DEDICATED  
FEDERAL**

X

**IMPACT:** State

**Summary of Legislation:** (Amended) This bill defines "high technology home health services" as home health services provided to an individual whose medical needs require high resource utilization. The bill requires the Office of Medicaid Policy and Planning (OMPP) to establish certain maximum payment rates for high technology home health services and to review these rates annually.

The bill also prohibits OMPP from adjusting rates paid to pharmacists until July 1, 2003. It also requires OMPP to conduct the required survey on pharmacy dispensing fees before adjusting rates after July 1, 2003. (The introduced version of this bill was prepared by the Interim Study Committee on Medicaid Oversight.)

**Effective Date:** January 1, 2001 (retroactive).

**Explanation of State Expenditures:** (Revised) This bill will increase state expenditures through the Medicaid program. Although good data is limited, OMPP estimates additional state expenditures of \$1.18 M per year as a result of higher payment rates to nurses providing care to individuals whose medical needs require ventilator care, tracheostomy care, or other high resource utilization. This bill also freezes Medicaid rates paid to pharmacies for product costs and dispensing fees for two years (to July 1, 2003).

*Background:* The bill provides for higher payment rates for services provided by registered nurses (RN) and licensed practical nurses (LPN) to patients requiring high resource utilization, such as individuals who need ventilator care or tracheostomy care. Maximum payment rates are specified in the bill: \$32 per hour for services provided by an RN and \$30 per hour for an LPN. These specified payment rates represent a 17.9% increase over FY 2000 rates for RNs (currently at \$27.14) and a 47.1% increase over rates paid to LPNs (currently at 20.39).

OMPP estimates total additional costs to the Medicaid program of \$3.04 M per year (Federal reimbursement of \$1.86 M; state share of \$1.18 M). The state share of expenditures is about 38%, while the federal share represents about 62%. The federal financial participation in the Medicaid program changes annually. [This

bill is effective retroactively to January 1, 2001, resulting in anticipated additional state costs of \$600,000 for FY 2001.]

**Explanation of State Revenues:** See Explanation of State Expenditures, above, regarding federal financial participation in the Medicaid program.

**Explanation of Local Expenditures:**

**Explanation of Local Revenues:**

**State Agencies Affected:** OMPP.

**Local Agencies Affected:**

**Information Sources:** Kathy Gifford, OMPP, (317) 233-4455.